

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-06 RSC-01 /020 W

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R 131210Z NOV 74

FM AMEMBASSY BONN

TO USDOC WASHDC

INFO SECSTATE WASHDC 6224

USMISSION USBERLIN

AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

AMEMBASSY PARIS

UNCLAS SECTION 01 OF 02 BONN 17729

E.O. 11652: N/A

TAGS: BEXP, GW

SUBJECT: JUNE FRANKFURT TRADE CENTER SHOW SCHEDULE

REF: A) STATE 245663; B) STATE/COMMERCE A-7175

1. SUMMARY. EMBASSY AND FRANKFURT CONCUR IN CHANGES TO FRANKFURT TRADE CENTER SCHEDULE AS OUTLINED IN REFTEL. RECREATION AND LEISURE EQUIPMENT SHOW COULD SERVE AS PROVING GROUND FOR CERTAIN CONSUMER GOODS WHICH MARKET RESEARCH HAS INDICATED HAVE SIGNIFICANT POTENTIAL IN GERMANY. DIVERSITY OF PRODUCTS AT SUCH A SHOW AND EXISTENCE OF MANY SEASONALLY ORIENTED CONSUMER TRADE FAIRS IN GERMANY MAY CREATE PROBLEMS IN ATTRACTING KEY PROSPECTS OUTSIDE OF FRANKFURT AREA TO SHOW. VERY STIFF COMPETITION IN CONSUMER GOODS IN FRG MAY FURTHER MITIGATE SHOW IMPACT AS COMPARED WITH TC SHOWS THAT FEATURE HIGH TECHNOLOGY PRODUCTS IN WHICH US HAS DEFINITE COMPETITIVE EDGE. NONE OF THE CONSUMER PRODUCTS RECOMMENDED FOR INCLUSION IN TC SHOW CAN BE REGARDED AS HAVING HIGH POTENTIAL, AND ALL FALL INTO UNCLASSIFIED

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CATEGORY B OF REPAIR. FINAL REPORT ON FY 75 CCP WILL

REFLECT REAPPORTIONMENT OF RESOURCES NECESSITATED BY FTC SCHEDULE CHANGES. BELIEVE THAT DUESSELDORF FAIR AUTHORITIES DISCUSSING INNOVATION 76 PARTICIPATION DIRECTLY WITH COMMERCE. AS FAR AS WE ARE AWARE, SHOW HAS NOT BEEN HELD HERE BEFORE, AND THEREFORE WE HAVE NO RECOMMENDATION AT THIS TIME REGARDING OFF-SITE TC PROMOTION. END SUMMARY.

2. ALTHOUGH AVAILABLE MARKET RESEARCH DOES NOT RECOMMEND HOLDING A TRADE CENTER PROMOTION IN THE FIELD OF RECREATION D LEISURE EQUIPMENT, WE CONCUR IN THE SCHEDULING OF SUCH A SHOW IN JUNE IN PLACE OF DESIGN ENGINEERING AND DO-IT-YOURSELF JEEP AS A MEANS OF TESTING THE MARKET FOR A WIDE RANGE OF CONSUMER PRODUCTS THAT MAY HAVE MARKET POTENTIAL, ESPECIALLY IN VIEW OF THE DEVALUATION OF THE DOLLAR VIS-A-VIS THE DM.

3. OUR RELATIVE LACK OF ENTHUSIASM FOR THIS SHOW IS BASED ON A NUMBER OF IMPORTANT FACTORS. FIRST, THE MARKET RESEARCH INDICATING SIGNIFICANT POTENTIAL FOR PRODUCT LINES ENCOMPASSED BY THE SHOW THEME IS BASED ON CERTAIN ASSUMPTIONS WHICH HAVE YET TO BE FULLY TESTED IN THE GERMAN MARKET PLACE. THESE STUDIES INDICATE, FOR EXAMPLE, THAT IF US MANUFACTURERS WOULD BE WILLING TO ADOPT MORE AGGRESSIVE SALES POLICIES HERE, IF US SUPPLIERS WOULD BE WILLING TO MANUFACTURE TO GERMAN TASTES AND STANDARDS, IF AMERICAN PRODUCTS WERE PRICED AT LEVELS REFLECTING MOST OF THE IMPACT OF DEVALUATION, AND IF US EXPORTERS WERE WILLING TO MEET DELIVERY SCHEDULES, THEN THE POTENTIAL WHICH THESE STUDIES TALK OF MIGHT BE REALIZED. A TRADE CENTER SHOW COULD SERVE AS A PROVING GROUND FOR SOME OF THE PRODUCTS WHOSE MARKET POTENTIAL IS BASED ON THESE ASSUMPTIONS BY EXPOSING FIRMS, ESPECIALLY NTMS, TO THE REALITIES OF SELLING THEIR CONSUMER GOODS IN GERMANY.

4. IN ADDITION, THE DIVERSITY OF PRODUCTS TO BE INCLUDED IN SUCH A SHOW, RANGING POSSIBLY FROM BOATING EQUIPMENT TO GARDENING TOOLS, WILL PROBABLY NOT PERMIT ANY SUBSTANTIAL VERTICAL CONCENTRATION OF PRODUCT LINES.

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THIS IN TURN WILL MAKE OUR POTENTIAL BUYER UNIVERSE HIGHLY DIVERSE WITH CONSEQUENT PROBLEMS IN ATTRACTING IMPORTANT KEY PROSPECTS TO THE SHOW.

5. ANOTHER DISADVANTAGE TO BE CONSIDERED IS THE SEASONAL FACTOR. MOST OUTDOOR AND LEISURE EQUIPMENT IS DISPLAYED AT SEASONAL FAIRS IN GERMANY AND BOUGHT ON A SEASONAL BASIS. A JUNE TRADE CENTER SHOW WOULD NOT

BE GEARED TO MEET THIS PROBLEM SINCE IT WOULD BE HELD  
TOO LATE FOR THE WINTER SEASON AND TOO EARLY FOR THE  
FOLLOWING SUMMER SEASON. ALSO, THERE IS A SUBSTANTIAL  
NUMBER OF EXCELLENT TRADE SHOWS IN GERMANY CATERING TO

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THE MARKET FOR OUTDOOR AND LEISURE GOODS, AND PROSPECTIVE  
BUYERS OUTSIDE THE FRANKFURT ARE MAY NOT DEEM IT  
IMPORTANT TO VISIT THE TRADE CENTER BECAUSE THEIR NEEDS  
ARE MET BY SEASONALLY TIMED TRADITIONAL GERMAN FAIRS.

6. FINALLY, IT MUST BE RECOGNIZED THAT THE COMPETITION  
IN GERMANY IN THE CONSUMER GOODS FIELD IS STIFFER THAN  
IN ANY OTHER EUROPEAN COUNTRY, AND THAT IMPRESSIVE  
RESULTS, COMPARED WITH OTHER TRADE CENTER SHOWS FEATURING  
HIGH TECHNOLOGY PRODUCTS WHERE THE US HAS A STRONG  
COMPETITIVE EDGE, MAY NOT BE REALIZED. IT WOULD ALSO  
BE UNREALISTIC TO ASSUME THAT THE US SHARE OF THE GERMAN  
MARKET FOR THE PRODUCTS DISPLAYED AT THE SHOW WOULD BE

INCREASED SIGNIFICANTLY IN VIEW OF THIS COMPETITIVE SITUATION.

7. MARKET RESEARCH AVAILABLE TO US IN THIS FIELD (KINDEL'S REPORT ON CONSUMER GOODS AND INFRATEST'S STUDY ON OUTDOOR LIFE), IS SUFFICIENT AND WE DO NOT BELIEVE UNCLASSIFIED

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THAT ANY ADDITIONAL RESEARCH IS NECESSARY AT THIS TIME IN CONNECTION WITH THIS SHOW THEME. BASED ON THESE STUDIES AND OUR OWN EXPERIENCE WITH THE MARKET HERE, WE BELIEVE THE FOLLOWING PRODUCT CATEGORIES OFFER "FAIR" MARKET POTENTIAL (CATEGORY "B" OF THE REPAIR). NONE FALLS INTO THE HIGH POTENTIAL CATEGORY: GOLF EQUIPMENT, WATER SKIING EQUIPMENT, TENNIS EQUIPMENT, BOWLING EQUIPMENT, NON-MILITARY RIFLES AND GUNS, HUNTING/SPORTING AMMUNITION, ARCHERY EQUIPMENT, MOTORCYCLE ACCESSORIES, GARDENING EQUIPMENT AND RECORD AND TAPE (HI-FI) ACCESSORIES.

8. ALTHOUGH WE CONCUR IN ELIMINATING THE DO-IT-YOURSELF JEEP AND DESIGN ENGINEERING WE AGAIN DO SO RELUCTANTLY SINCE OUR CCP PLANNING MUST NOW BE EXTENSIVELY REVISED TO ACCOMMODATE THESE CHANGES. AS INDICATED IN THE MEMORANDUM TO TRAFTON COVERING OUR FIRST CCP PROGRESS REPORTS, REOPENING THE CCP AND REDISTRIBUTING THE WORK LOAD AMONG THE EIGHT POSTS IN GERMANY IS A VERY COMPLICATED AND TIME-CONSUMING EXERCISE WHICH WE CANNOT UNDERTAKE AT THIS TIME. OUR FINAL CCP REPORT FOR THIS FISCAL YEAR, HOWEVER, WILL REFLECT THESE CHANGES.

9. WE UNDERSTAND FROM THE FAIR AUTHORITIES IN DUESSELDORF THAT THEY WILL BE IN DIRECT CONTACT WITH COMMERCE (OIM) REGARDING THE POSSIBILITY OF AN OFF-SITE TRADE CENTER SHOW AT INNOVATION 76. SINCE WE HAVE NO RECORD OF THIS SHOW HAVING BEEN HELD PREVIOUSLY IN GERMANY, WE ARE NOT IN A POSITION AT THIS TIME TO COMMENT ON THE ADVISABILITY OF SUCH AN OFF-SITE PROMOTION.

10. FNKFURT CONCURS IN THIS MESSAGE.  
HILLENBRAND

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## Message Attributes

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